



ASX Announcement / Media Release
11 October 2010

Kiruna Iron Project - Update

Fast Facts

ASX Code: SCR
SCRO

Capital Structure

Shares on issue: 63.35m
Options on issue: 66.0m (ex 20c – 75c)
Market cap: \$9m (undiluted)

Financial Position

Cash: \$5.76 m (June 2010)

Board of Directors

Damian Hicks Chairman
Olof Forslund Technical Director
Ian Gregory Director & Company Secretary
Paul Thomas Non-executive Director

Primary Projects

Sweden

Kiruna Iron
Swampy Mountain Iron-copper-gold & PGE

Norway

Lake Embrace Copper-lead-zinc

Project Pipeline

Commodities

Manganese
Gold
Copper
Copper-gold
Copper-lead-zinc

Acknowledgement

Scandinavian Resources Ltd would like to acknowledge the contribution of the professional staff at the Mineral Resources Information Office, a regional office of the Geological Survey of Sweden, to the development of its portfolio.

In this update Damian Hicks Chairman of Scandinavian Ltd discusses the rationale behind the incorporation of Kiruna Iron AB, clarifies a recent statement and highlights the potential of the Kiruna Iron Project, located in the world class Kiruna District of northern Sweden.

“We have great faith that our Kiruna Iron Project will develop rapidly over the next 12 – 18 months.

With that in mind we have incorporated a wholly owned subsidiary called Kiruna Iron AB as the corporate vehicle within which we will progress this project. That way our bulk commodities team can focus on taking this increasingly large iron project forward as fast as possible. In parallel our precious and base metals team will remain focussed on their exciting work in the Caledonides within our wholly owned subsidiary Scandinavian Resources AB.

Last Friday we announced a corporate target for the Kiruna Iron Project that we aim to reach in the second half of 2011. I would like to take this opportunity to clarify that statement. In addition to the resources announced in June 2010 we have an exploration target¹ for the project in the range of 125Mt to 150Mt ranging from 33% to 37% iron.

Furthermore the Kiruna Iron Project has occurrences of both high grade iron, such as the 65% to 69% iron seen at the Gäddmyr prospect and the more typical plus 30% iron from the majority of our prospects. The important aspect is that our preliminary metallurgical test work indicates the lower grade iron prospects beneficiate to 70% iron. It also appears that unwanted minerals can be separated from the iron which is a big positive.

When combined with the fact that the Project is located within 20km of a modern open-access railway that leads to a modern deep water port; it becomes clear that this Project has great potential.”

¹ The potential quantity and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



Scandinavian Resources Ltd (ASX: SCR)

By way of introduction Scandinavian Resources’:

- strategy is to ‘incubate’ a highly prospective portfolio of iron, manganese, gold, PGE and base metals projects in Scandinavia (primarily Sweden and Norway).
- cornerstone investor is S&P/ASX Top 200 company, OM Holdings Ltd (ASX:OMH).
- Technical Director Mr. Olof Forslund was previously Regional Manager of the Geological Survey of Sweden’s Mineral Resources Information Office in Malå, Sweden.
- flagship Kiruna Iron Project is 30km from the 2Bt Kiruna iron mine (owned by LKAB) – the world’s largest and most modern underground iron mine.
- ‘pipeline’ of projects cover manganese, gold, copper-gold and lead-zinc prospects in Sweden and Norway.

COMPETENT PERSONS STATEMENTS

The information in this document that relates to exploration results is based on information compiled by Mrs. Amanda Arrowsmith, Exploration Manager, Scandinavian Resources Ltd, who is a Member of the Australian Institute of Mining and Metallurgy. Mrs. Arrowsmith is a full-time employee of Scandinavian Resources Ltd. Mrs. Arrowsmith has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined by the 2004 edition of the “Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mrs. Arrowsmith consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.